

## **Sections 12.2 – Corporations**

### **Note Taking Sheet**

Please make notes on the following topics. You can find all the information that need on Pages 555 – 563 in your textbooks. Please make sure your notes are as detailed as possible and that you read the textbook thoroughly. We will be taking the questions up in class and they will serve as your notes for the upcoming test.

1. What is a corporation? How can you recognize a corporation from its name? What was the original purpose of Corporations? Give examples.
2. Who are the shareholder or stakeholders of a corporation?
3. What are the board of director? What is their purpose / responsibility?
4. Why do Corporations have limited liability? Give an example.
5. What is the difference between a Public or Private Corporation?
6. Describe the 6 Advantages of Corporations
7. Describe the 4 Disadvantages of Corporations.
8. What are Retained Earnings? What 2 types of accounting activities effect the Retained Earnings?
9. What items cause Retained Earnings to increase? to decrease?
10. What are dividends? How do the board of directors declare a dividend?
11. What are the three important dates associated with dividends?
12. What are the two requirements that must be met in order to declare a dividend?
13. Explain why the payment date is a few weeks after the date of record.
14. What are the two accounting entries for declaring a dividend?
15. What are common stocks? What are the rights of the holders of common stock?
16. What is preferred stock? Explain how preferred stock is described.
17. Give the accounting entry (ignore amount) to record the declaration of a dividend.
18. Give the accounting entry (ignore amount) to record the payment of a dividend.
19. What type of balance does the Capital Stock account have?
20. What is a negative balance of retained earnings called?

When you have completed making the notes you can work on the following questions. - Page 564 – Exercises 1, 2, 4, and 5